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THE Market Administrator's BULLETIN

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Drop In Cow Numbers Slackens

The Dairy Situation, Economic Research Service USDA September, 1967 . .

Milk cows on U.S. farms in June numbered 13.6 million head, 3.9 percent below the 14.1 million a year earlier. This compares with the June 1966 5.8 percent from a year earlier and the 1965-65 average annual decline of 3.4 percent. In the past, the June estimate has been a good approximation of the average number of milk cows for the year. Surveys of the number of milk cows in the United States are made twice annually, in June and December.

Though the rate of decline slackened, June milk cow numbers were less than a year earlier in all geographic areas. Decreases ranged from 5.6 percent in the South Central Region to 0.4 percent in the Western Region. Of the 10 leading milk-producing States, the number of milk cows declined in all except California where cow numbers rose 1 percent from June 1966. Other States increasing cow numbers were New Mexico, Utah, and Nevada.

Improved milk prices and lower beef cattle prices helped slow the sale of dairy herds and reduce herd culling in the first half of this year from the high levels of 1966. Although cow numbers are expected to drop during the remainder of 1967 at a faster rate than the long-time average, the decline from a year earlier is expected to be close to the 4 percent rate in the first half of 1967.

The milk-livestock price ratios during the remainder of this year are expected to average somewhat below the relatively high levels in the second half of 1966 and the first half of 1967. The ratios of manufacturing milk prices to both beef cattle and hog prices increased sharply in late 1966 and early 1967. The gain was due mainly to increased milk prices, but also to lower average hog and beef cattle prices than a year earlier. For the second half, beef cattle and hog prices are expected to be stronger than the same period in 1966. At the same time, manufacturing milk prices likely will be somewhat lower than last year's relatively high fall prices. Therefore, the manufacturing milk-livestock price ratios will not be as favorable to milk production as during late 1966 and early 1967. However, the price ratios are expected to remain high enough to prevent a large shift out of milk production.

Cull cow prices near last year's averages likely will cause herd culling to remain high. In the first half of 1967, off-farm opportunities were not as favorable as during 1966, although the dairy farm labor supply was fairly tight. However, economic activity is expected to increase in the second half and the rise may quicken the movement of dairy farmers and labor to off-farm employment and the sale of dairy herds.

Dayton-Springfield, Ohio Milk Order Expanded, Renamed Miami Valley Order

The Dayton-Springfield, Ohio Federal milk marketing order which was amended the expanded September 1 and renamed the Miami Valley Federal milk marketing order includes the seven Ohio counties of Champaign, Clark, Clinton (except the townships of Clark, Green, Jefferson and Washington), Greene, Miami, Montgomery, and Preble. The order formerly covered only the cities of Dayton, Oakwood and Springfield, and 11 townships in Clark, Greene and Montgomery Counties, Ohio.

USDA's Consumer and Marketing Service officials said more than the required two-thirds of dairy farmers approved the amended order. In a mail referendum conducted by Market Administrator, Fred W. Issler, 947 farmers voted, and 921, or 97 percent of those voting, approved.

Terms of the amended order were identical to those of the final decision, upon which farmers voted. Along with the marketing area expansion, it provided new standards for determining which distributing and supply plants are eligible to have their milk pooled and priced under the order. A distributing plant must sell for fluid use at least 50 percent of its total receipts of Grade A milk in

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY	August 1967	July 1967	Aug. 1966
Producers' Uniform Price (3.5%)	$5.33	$4.97	$5.37
Class I (3.5%)	5.88	5.70	5.68
Class II (3.5%)	3.94	3.91	4.20
Producer Butterfat Differential for each one-tenth percent	9.4¢	9.1¢	9.5¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	71.8.	70.0	78.5
Percent of Producer Butterfat in Class	69.9	68.2	76.2
Percent of Producer Milk in Class II	28.2	30.0	21.5
Percent of Producer Butterfat in Class II	30.1	31.8	23.8
PRODUCER MILK RECEIPTS			
Total Pounds Producer Milk Delivered	43,827,346	44,834,708	41,458,152
Average Daily Class I Producer Milk	1,026,135	1,020,510	1,105,466
Total Number of Producers	1,569	1,577	1,491
Average Daily Receipts per Producer	901	917	897
Average Butterfat Test	3.55	3.54	3.57
Total Value of Producer Milk at Test	$2,349,928	$2,326,734	$2,243,998
Income per Producer (7 Day Average)	$338	$333	$339
GROSS CLASS USE (Pounds)			
Class I Skim	30,396,416	30,288,587	31,414,866
Class I Butterfat	1,086,218	1,083,245	1,126,740
Class I Milk	31,482,634	31,371,832	32,541,606
Class II Skim	11,876,025	12,956,655	8,565,049
Class II Butterfat	468,689	506,221	351,497
Class II Milk	12,344,712	13,462,876	8,916,546
AVERAGE DAILY SALES (Quarts)			
Milk	365,642	361,465	381,206
Buttermilk	5,686	5,806	6,644
Chocolate	16,224	15,209	19,190
Skim	9,430	9,567	10,009
Cream	6,056	5,977	7,354

COMPARATIVE STATISTICS ☆ COLUMBUS MARKETING AREA ☆ AUG., 1958 - '67

Year	Receipts From Producers	Average Butterfat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1958	22,444,604	3.71	83.9	9.0	2.8	4.3	4.25	4.383	3.983	3.883	2.880	1,782	406
1959	25,347,579	3.64	85.2	9.1	2.3	3.4	4.37	4.479	4.079	3.753	3.054	1,738	471
1960	26,234,265	3.64	79.5	8.6	3.3	8.6	4.21	4.394	3.994	3.699	2.998	1,623	521
1961	26,599,504	3.60	78.1	8.5	4.9	8.5	4.47	4.664	4.264	3.927	3.254	1,218	705
1962	30,341,877	3.54	78.7	8.3	5.4	7.6	4.18	4.34	3.956	3.65	2.998	1,308	748
1963	34,665,174	3.56	79.1	8.9	4.8	7.2	4.23	4.40	4.01	3.715	3.063	1,359	823
1964	43,359,952	3.54	77.1	22.9	——	——	4.18	4.47	3.15	——	——	1,646	850
1965	42,514,513	3.53	77.7	22.3	——	——	4.50	4.84	3.25	——	——	1,644	834
1966	41,458,152	3.57	78.5	21.5	——	——	5.37	5.68	4.20	——	——	1,491	897
1967	43,827,346	3.55	71.8	28.2	——	——	5.33	5.88	3.94	——	——	1,569	901

January-July Milk Output Unchanged From Year Earlier

The Dairy Situation, Economic Research Service, USDA August, 1967

July milk production was estimated at 10.3 billion pounds, 0.4 percent below last July. The June estimate was revised slightly downward to 11.1 billion pounds, 1.1 percent below June 1966, in line with results of the mid-year review of cow numbers.

January-July production totaled 73.3 billion pounds, about the same as during the same period of 1966. Milk output was up from a year earlier in all production regions except the Northeast, Corn Belt, and Northern Plains. Changes range from a 4 percent gain in the Southeast to a 3 percent decline in the Northeast. January-July production was up 2 percent in the Lake States and down 2 percent in the Corn Belt. These 2 areas, together with the Northeast, are the leading production areas, accounting for 65 percent of U. S. output in 1966.

Estimated milk cow numbers during January-July 1967 averaged about 4 percent below a year earlier, while milk production per cow gained about 4 percent. Therefore, milk production remained about the same in January-July 1966. Milk per cow totaled 5,362 pounds in the first 7 months of 1967, compared with 5,147 a year earlier. The August 1966-July 1967 4.5 percent average rise from a year earlier in output per cow was from depressed levels of the previous 12 months. Low 1965/66 gains in milk per cow were caused largely by poor feed conditions in important mid-western dairy states.

In July, U.S. output per cow averaged 3.4 percent above a year earlier with declines in only 4 States-Nebraska, Idaho, Utah and Nevada. The output gain in June and July dropped below the substantial increases from a year earlier during the previous 10 months. Milk per cow during August-December is expected to gain more moderately from a year earlier than in 1966.

The stronger livestock market and prospects for improved off-farm opportunities favor an above average decline in dairy cow numbers. On the other hand, 1967 milk prices likely will average the highest of any year on record. Moreover, prospective lower feed prices indicate milk-feed price ratios this fall and winter near year earlier levels. Prospective hay and forage supplies appear ample, although the quality of forage has been reported below normal.

Livestock-Feed Price Ratios Becoming More Favorable

The Feed Situation, Economic Research Service, USDA August, 1967

Livestock-feed price ratios probably will be more favorable to livestock and poultry producers in 1967-68 than in 1966-67 when feed price ratios for most types of livestock and poultry declined below average. Prospects for lower feed prices and some strengthening in livestock ad poultry prices are expected to bring more favorable livestock and poultry-feed price ratios, especially in the first half of 1967-68.

The hog-corn price ratio declined during 1966 and averaged only about 14.3 (based on farm prices) during January-April of 1967, much below the average of 21.2 in those 4 months of a year earlier, and a little below the 10-year average. Since April, hog prices have advanced in relation to corn; and the ratio rose to 17.7 in July, well above the 10-year average.

The beef steer-corn price ratio (based on Chicago prices) also declined during 1966, averaging well below the 10-year average during the fall and winter of 1966-67. The ratio has improved this spring and summer advancing to 20.6 in July, a little above the 10-year average for the month. Based on present prospects, beef steer prices are expected to be higher in relation to corn prices this coming fall and winter than in 1966-67.

Prices of dairy products have continued well above average in relation to feed prices during the past year and probably will continue above average in 1967-68. Prices of eggs and broilers, on the other hand, have been much lower than average in relation to feed costs this spring and summer; but some improvement in these ratios appears probable in 1967-68.

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Cooperatives Handling Greater Share of Many Farm Products

A definate upswing took place in the share of farm products marketed through cooperatives over the recent decade, the U.S. Department of Agriculture's Farmer Cooperative Service announced.

"Farmers are turning to cooperatives for more marketing services in all but 1 of the 10 major farm commodities," David W. Angevine, Administrator, Farmer Cooperative Service, stated. "Some of the rises are considerable—27 percent more of the farmers' cash receipts obtained by marketing sugar through cooperatives, 20 percent more for nuts, 11 percent more for dairy products and cotton and cotton products, 6 percent more for rice and for grain, soybeans, and soybean products. The only exception is livestock which showed a slight decline."

Farmer Cooperative Service obtained these estimates by adjusting sales volumes in cooperatives to allow for certain processing and handling cost. This permitted comparisons of cooperative sales with farmers' cash receipts.

This analysis also showed the share of total cash receipts handled by cooperatives for 1964-65. Those products where cooperatives handled over half the crop were: Sugar—86 percent, dairy products—64 percent, and rice—60 percent.

Market Quotations

AUGUST 1967

MINNESOTA-WISCONSIN PRICE SERIES	$3.97
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	3.94
Average Price per lb. 92-score butter at Chicago	.6707
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants.	.1946

Larger Feed Concentrate Supply In Prospect

The Feed Situation, Economic Research Service, USDA August, 1967

The total supply of all feed concentrates for 1967-68 is now estimated at 248 million tons. This would be 13 million tons larger than last year and near the 1961-65 average. The record feed grain crop in prospect for 1967 is largely responsible for the increase in supplies, although some increase is in prospect for byproduct feeds, principally in soybean meal. With the larger wheat crop this year, wheat feeding is expected to be heavy this summer and probably will continue at a high level in the 1967-68 feeding year.

While the total number of grain-consuming livestock is expected to be down slightly in 1967-68, the total tonnage of all feed concentrates fed may be a little larger. With more favorable livestock-feed price ratios in prospect for 1967-68, the rate of feeding is expected to be heavier during the coming year and may approach the high level reached in 1965-66.

MIAMI VALLEY ORDER . . .

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August through January, 45 percent in February and March, and 40 percent in other months. This can be met on a current or preceding month basis. Also, 15 percent of its fluid (Class I) milk must be sold inside the marketing area. A supply plant, to be pooled, must ship 50 percent of its receipts of milk from dairy farmers to distributing plants serving the Miami Valley area.

The manufacturing (Class II) milk price was set at the level of the Minnesota-Wisconsin price series, but not to exceed a butter-powder formula price plus 10 cents. Skim milk used for cottage cheese will be priced 20 cents above milk for other manufactured dairy products.

There are various other new provisions for administering the amended order, similar to those in other Federal milk orders.

The amended order was based on a public hearing January 10-12, at Dayton, Ohio, held at the request of dairy farmers.